

## Message Text

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ORIGIN NEA-10

INFO OCT-01 SS-15 ISO-00 SSO-00 CCO-00 PM-04 /030 R

DRAFTED BY NEA/PAB:PWLANDE/MW

APPROVED BY NEA - MR. ATHERTON

PM - MR. ERICSON (DRAFT)

S/S:MR. BRIDGES

S: HAL COLLUMS

P - MR. HABIB -

----- 121935

P 211656Z SEP 76 ZFF6

FM SECSTATE WASHDC

TO USDEL SECRETARY AIRCRAFT PRIORITY

INFO USDEL SECRETARY PRIORITY

S E C R E T STATE 233901 TOSEC 270455

E.O. 11652:GDS

TAGS: MASS, BG, US

SUBJECT: ACTION MEMORANDUM: ARMS SALES TO BANGLADESH:  
ADMIRAL KHAN'S VISIT (S/S NO. 7619722 )

FOR THE SECRETARY FROM ATHERTON THROUGH HABIB

### 1. THE PROBLEM

WE HAVE ALREADY SENT YOU ADMIRAL KHAN'S REQUEST TO MEET WITH YOU AS WELL AS OUR RECOMMENDATION YOU NOT MEET WITH HIM. WE ARE NOW INFORMED THAT ADMIRAL KHAN WISHES TO COME TO WASHINGTON IN ORDER TO NEGOTIATE AN ARMS SUPPLY ARRANGEMENT ON THE MISTAKEN ASSUMPTION WE HAVE ALREADY TACITLY AGREED TO THIS APPROACH. I BELIEVE WE SHOULD TAKE SPEEDY ACTION TO CLEAR UP THIS MISUNDERSTANDING BOTH IN ORDER TO AVOID LATER AND GREATER DISAPPOINTMENT AND TO HEAD OFF PRESS AND CONGRESSIONAL CRITICISM.

### 2. BACKGROUND/ANALYSIS

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YOUR LAST MEETING WITH ADMIRAL KHAN WAS ON JULY 2 IN WASHINGTON. AT THAT TIME YOU SAID YOU "WOULD LOOK INTO IT (MILITARY EQUIPMENT)." (THE BDG VERSION OF THE CONVERSATION IS THAT YOU AGREED "TO GIVE IT SERIOUS CONSIDERATION.") IN

EARLY AUGUST THE BDG CAME TO US WITH A SPECIFIC SHOPPING LIST COVERING ROUGHLY 140 ITEMS RANGING FROM MACHINE TOOLS, TRUCKS AND TRAINING TO HAWK MISSILES AND F4 OR F5E AIRCRAFT. THE LIST IS WRITTEN IN A MANNER WHICH MAKES IT DIFFICULT TO COST OUT BUT DOD INFORMS US THAT THE VALUE RANGES SOMEWHERE BETWEEN "DOLS 600 MILLION AND DOUBLE THAT AMOUNT." THE BDG DID NOT MAKE IT CLEAR WHETHER IT WISHES TO TALK ABOUT CASH PURCHASES, CREDIT OR GRANTS BUT IT CLEARLY DOES NOT HAVE THE FOREIGN EXCHANGE TO PAY FOR A SIGNIFICANT PROPORTION OF THIS LIST.

WE HAVE BEEN WORKING ON A REPLY TO THIS REQUEST ON THE ASSUMPTION THAT IT CONTINUES TO BE OUR POSITION (A) NOT REPEAT NOT TO GET INTO A GOVERNMENT-TO-GOVERNMENT RELATIONSHIP IN THE ARMS FIELD, (B) THAT GRANT OR CREDIT FUNDING IS NOT AVAILABLE, AND (C) THAT WE WOULD BE PREPARED TO ASSIST THE BDG IN ESTABLISHING CONTACTS WITH U.S. MANUFACTURERS OF NON-LETHAL EQUIPMENT. IN FACT SEVERAL SALES OF COMMUNICATIONS EQUIPMENT HAVE TAKEN PLACE, FURTHER SALES OF HELICOPTERS ARE BEING DISCUSSED AND WE BELIEVE THAT THESE SALES WILL BE EFFECTED.

WITH RESPECT TO THE QUESTION OF WHAT OUR POLICY SHOULD BE ON SALES OF LETHAL EQUIPMENT, I THINK THAT WE NEED NOT STICK TO AN ABSOLUTE NON-LETHAL RULE. WE COULD EXAMINE ANY SPECIFIC CASH PURCHASE REQUESTS ON A CASE BY CASE BASIS, AS IS NORMAL UNDER MUNITIONS CONTROL PROCEDURES. WE WOULD EXPECT THAT THESE WOULD BE SMALL. THE BDG HAS ALREADY PURCHASED SMALL ARMS UP TO MORTARS FROM THE UNITED KINGDOM AND CHINA AND APPEARS TO BE ABLE TO MEET MOST OF ITS INTERNAL SECURITY NEEDS FROM THESE AND OTHER SOURCES.

WE HAVE JUST LEARNED FROM THE BANGLADESH EMBASSY THAT THE BDG HAS CHOSEN TO INTERPRET YOUR MEETING WITH ADMIRAL KHAN AND THE ABSENCE OF A USG REPLY TO ITS AUGUST REQUEST  
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LIST AS A DE FACTO USG AGREEMENT TO ENTER INTO A MAJOR MILITARY SUPPLY ARRANGEMENT. ACCORDINGLY, ADMIRAL KHAN PLANS TO COME TO WASHINGTON TO "NEGOTIATE" SUCH AN ARRANGEMENT WITH DEFENSE LATER THIS MONTH. IN THE MEANTIME, BDG INQUIRIES ABOUT ARMS HAVE PRODUCED A NUMBER OF QUESTIONS BY U.S. MANUFACTURERS AND PRESS INQUIRIES WHETHER WE PLAN TO ENTER INTO AN ARMS ARRANGEMENT. SO FAR NONE OF THESE INQUIRIES HAS RESULTED IN A STORY BUT IT IS PROBABLY ONLY

A QUESTION OF TIME BEFORE CRITICISM BEGINS TO APPEAR IN THE PRESS AND CONGRESS THAT WE ARE PLANNING TO PROVIDE ARMS RATHER THAN SUFFICIENT ECONOMIC AID TO THE WORLD'S MOST FAMOUS "BASKET CASE." ADMIRAL KHAN'S INCLINATION TO NEGOTIATE BY PRESS CONFERENCE WOULD MAKE A VISIT TO WASHINGTON LATER THIS MONTH PARTICULARLY POTENTIALLY EXPLOSIVE.

IN MY VIEW WE SHOULD TAKE IMMEDIATE ACTION TO HEAD OFF THIS PROBLEM BY REPLYING TO THE BDG. WE WOULD MAKE IT CLEAR THAT WE ARE SYMPATHETIC TO THE BDG'S NEEDS, ECONOMIC, POLITICAL AND MILITARY, BUT BELIEVE THAT BOTH COUNTRIES' INTERESTS WOULD BE BEST SERVED BY CONCENTRATING U.S. ASSISTANCE IN THE ECONOMIC FIELD. SUBSTANTIAL ARMS SUPPLIES FROM THE U.S. WOULD BE CERTAIN TO CAUSE CONGRESSIONAL PROBLEMS. THE USG WOULD HOWEVER BE PREPARED TO ASSIST IN ARRANGING COMMERCIAL CONTACTS FOR THE BDG FOR NON-LETHAL PURCHASES AND CONSIDER SUCH OTHER PURCHASE REQUESTS AS THE BDG MIGHT HAVE ON A CASE-BY-CASE BASIS. (THIS POLICY WOULD BE VERY MUCH IN LINE WITH YOUR CONVERSATION ON THIS SUBJECT WITH BHUTTO LAST MONTH.) STATE AND DEFENSE OFFICIALS WOULD BE HAPPY TO SET UP MEETINGS TO TALK TO ADMIRAL KHAN, BUT WE WANT TO BE SURE THERE IS UNDERSTANDING OF THE GENERAL APPROACH WE WOULD BE TAKING.

3. RECOMMENDATIONS:

(1) THAT YOU AUTHORIZE ME AND OUR CHARGE IN DACCA THIS WEEK TO A) REITERATE OUR CONTINUED SUPPORT FOR THE BDG AS EXPRESSED THROUGH ECONOMIC ASSISTANCE AND A WILLINGNESS TO EXPAND SUCH ASSISTANCE TO THE EXTENT SPECIFIC PROGRAMS CAN BE DEVELOPED.

B) EXPRESS OUR CONCERN THAT A SUBSTANTIAL ARMS SUPPLY  
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RELATIONSHIP WOULD PROBABLY ERODE WIDE PUBLIC SUPPORT FOR OUR RELATIONS WITH THE BDG.

C) EXPRESS OUR WILLINGNESS TO FACILITATE BDG CONTACTS WITH U.S. MANUFACTURERS OF NON-LETHAL, PARTICULARLY LOGISTIC, EQUIPMENT ON A CASH SALES BASIS AND TO EXAMINE OTHER PURCHASE REQUESTS ON A CASE BY CASE BASIS.

APPROVE

DISAPPROVE

(2) AND THAT WE BE FURTHER AUTHORIZED TO STATE THAT WE COULD WELCOME ADMIRAL KHAN'S VISIT TO WASHINGTON AND MEETINGS WITH STATE AND DEFENSE OFFICIALS WITHIN THE FRAME-

WORK OF THE FOREGOING GENERAL POLICY APPROACH.

APPROVE

DISAPPROVE

4. DRAFTED BY NEA/PAB:PWLANDE; CLEARED BY PM:RAERICSON;  
P:PHABIB; S:HCOLLUMS S/S:PBRIDGES  
ROBINSON

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NNN

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